

## **Title 13: CORPORATIONS**

### **Chapter 22-A: MAINE PROFESSIONAL SERVICE CORPORATION ACT HEADING: PL 2001, c. 640, Pt. B, §2 (new); § 7 (aff); eff. 7/1/03**

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## Maine Revised Statutes

### Title 13: CORPORATIONS

#### Chapter 22-A: MAINE PROFESSIONAL SERVICE CORPORATION ACT HEADING: PL 2001, c. 640, Pt. B, §2 (new); § 7 (aff); eff. 7/1/03

Subchapter 1: GENERAL PROVISIONS HEADING: PL  
2001, C. 640, PT. B, §2 (NEW); §7 (AFF); EFF. 7/1/03

#### §721. SHORT TITLE

This chapter may be known and cited as the "Maine Professional Service Corporation Act." [ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF). ]

##### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

#### §722. APPLICATION OF MAINE BUSINESS CORPORATION ACT

The Maine Business Corporation Act applies to professional corporations, both domestic and foreign, to the extent not inconsistent with this chapter. [ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF). ]

##### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

#### §723. DEFINITIONS

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings. [ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF). ]

**1. Disqualified person.** "Disqualified person" means an individual or entity that for any reason is or becomes ineligible under this chapter to be issued shares by a professional corporation.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) . ]

**2. Domestic professional corporation.** "Domestic professional corporation" means a professional corporation.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) . ]

**3. Foreign professional corporation.** "Foreign professional corporation" means a corporation or association for profit incorporated for the purpose of rendering professional services under law other than the law of this State.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) . ]

**4. Professional corporation.** "Professional corporation" means a corporation for profit, other than a foreign professional corporation, subject to the provisions of this chapter.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) . ]

**5. Professional limited liability company.** "Professional limited liability company" means a limited liability company formed to perform a professional service.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**6. Professional limited liability partnership.** "Professional limited liability partnership" means a limited liability partnership formed to perform a professional service.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**7. Professional service.** "Professional service" means the professional services provided by the following persons to the extent they are required to be licensed under state law:

A. Accountants, advanced practice registered nurses, attorneys, chiropractors, dentists, optometrists, osteopathic physicians, physicians and surgeons, physician assistants, podiatrists, registered nurses and veterinarians; and [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

B. Any person not listed in paragraph A who is required by state law to have a license as a precondition to engaging in that person's profession. [2001, c. 2, Pt. A, §17 (AFF); 2001, c. 2, Pt. A, §16 (COR) .]

[ 2001, c. 2, Pt. A, §17 (AFF); 2001, c. 2, Pt. A, §16 (COR) .]

**8. Qualified person.** "Qualified person" means an individual, general partnership, professional limited liability company, professional limited liability partnership, other professional corporation or other entity or trust that is eligible under this chapter to be issued shares by a professional corporation or any other entity that is authorized by statute to provide the same professional service provided by the professional corporation.

[ 2003, c. 344, Pt. B, §1 (AMD) .]

#### SECTION HISTORY

RR 2001, c. 2, §A17 (AFF). RR 2001, c. 2, §A16 (COR). 2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF). 2003, c. 344, §B1 (AMD).

Subchapter 2: CREATION HEADING: PL 2001,  
C. 640, PT. B, §2 (NEW); §7 (AFF); EFF. 7/1/03

## §731. ELECTION OF PROFESSIONAL CORPORATION STATUS

**1. Mandatory coverage.** A qualified person performing any professional service described in section 723, subsection 7, paragraph A desiring to form a corporation shall incorporate as a professional corporation.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Optional coverage.** A qualified person or persons performing any professional service described in section 723, subsection 7, paragraph B desiring to form a corporation may incorporate as a professional corporation.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**3. Filing requirement.** One or more persons may incorporate a professional corporation by delivering to the Secretary of State for filing articles of incorporation that state that the corporation is a professional corporation and the corporation's purpose is to render the specified professional service.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**4. Election to be covered.** A corporation incorporated under a general law of this State may elect professional corporation status by amending its articles of incorporation to comply with subsection 3 and section 736.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

## §732. PURPOSES

**1. Single profession.** Except to the extent authorized by subsections 2 and 3, a corporation may elect professional corporation status under section 731 solely for the purpose of rendering professional services, including services ancillary to them, and solely within a single profession.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Multiple professions.** A corporation may elect professional corporation status under section 731 for the purpose of rendering professional services within 2 or more professions and for the purpose of engaging in any lawful business authorized by Title 13-C, section 301, to the extent the combination of professional purposes or of professional and business purposes is not prohibited by the licensing law of this State applicable to each profession in the combination.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**3. Accountants.** Nonlicensed individuals and qualified employee stock ownership plans or programs or other employee ownership programs and other entities may organize with individuals who are licensed under Title 32, chapter 113 and may become shareholders of a firm licensed to practice public accountancy under Title 32, section 12252, as long as all of the requirements for licensure under Title 32, section 12252, subsection 3 are met by the firm.

[ 2003, c. 344, Pt. B, §2 (AMD) .]

**4. Dentists, denturists and independent practice dental hygienists.** For the purposes of this chapter, a denturist or independent practice dental hygienist licensed under Title 32, chapter 16 may organize with a dentist who is licensed under Title 32, chapter 16 and may become a shareholder of a dental practice incorporated under the corporation laws. At no time may one or more denturists or independent practice dental hygienists in sum have an equal or greater ownership interest in a dental practice than the dentist or dentists have in that practice.

[ 2007, c. 620, Pt. D, §1 (AMD) .]

**5. Legal guardian or personal representative of deceased or incapacitated dentist.** For the purposes of this chapter, the legal guardian or personal representative of a dentist licensed under Title 32, chapter 16 may contract with another dentist to continue the operations of the practice of the deceased or incapacitated dentist for a period of up to 24 months after the death or incapacitation of the dentist or until the practice is sold, whichever occurs first. For purposes of this subsection, "personal representative" has the same meaning as in Title 18-A, section 1-201, subsection 30.

[ 2007, c. 210, §1 (NEW) .]

**6. Legal guardian or personal representative of deceased or incapacitated veterinarian.** For the purposes of this chapter, the legal guardian or personal representative of a veterinarian licensed under Title 32, chapter 71-A may contract with another veterinarian to continue the operations of the practice of the

deceased or incapacitated veterinarian for a period of up to 24 months after the death or incapacitation of the veterinarian or until the practice is sold, whichever occurs first. For purposes of this subsection, "personal representative" has the same meaning as in Title 18-A, section 1-201, subsection 30.

[ 2013, c. 46, §1 (NEW) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF). 2003, c. 344, §B2 (AMD). 2007, c. 210, §1 (AMD). 2007, c. 620, Pt. D, §1 (AMD). 2013, c. 46, §1 (AMD).

### §733. GENERAL POWERS

A professional corporation has the powers enumerated in Title 13-C, section 302. [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

### §734. RENDERING PROFESSIONAL SERVICES

**1. License required.** A domestic professional corporation or foreign professional corporation may render professional services in this State only through individuals licensed or otherwise authorized in this State to render the services.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Scope.** Nothing in subsection 1 may be construed to:

A. Require an individual employed by a professional corporation to be licensed to perform services for the corporation if a license is not otherwise required; [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

B. Prohibit a licensed individual from rendering professional services in that individual's individual capacity even though that individual is a shareholder, director, officer, employee or agent of a domestic professional corporation or foreign professional corporation; or [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

C. Prohibit an individual licensed in another state from rendering professional services for a domestic professional corporation or foreign professional corporation in this State if not prohibited by the licensing authority having jurisdiction over such professional service. [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

### §735. PROHIBITED ACTIVITIES

**1. Limited activities.** A professional corporation may not render any professional service or engage in any business or service other than the professional service and business authorized by its articles of incorporation and services or businesses reasonably related thereto.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Investments.** Nothing in subsection 1 prohibits a professional corporation from investing its funds in real estate, mortgages, securities or any other type of investment.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

## §736. CORPORATE NAME

**1. Words required.** The name of a domestic professional corporation or of a foreign professional corporation authorized to transact business in this State, in addition to satisfying the requirements of Title 13-C, sections 401 and 1506:

A. Must contain the words "chartered," "professional corporation," "professional association" or "service corporation" or the abbreviation "P.C.," "P.A." or "S.C."; [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

B. May not contain language stating or implying that it is incorporated for a purpose other than that authorized by section 732 and its articles of incorporation; and [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

C. Must conform with any rule adopted by the licensing authority having jurisdiction over a professional service described in the corporation's articles of incorporation. [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Assumed or fictitious name.** A domestic professional corporation or foreign professional corporation may render professional services and exercise its authorized powers under an assumed or fictitious name, as long as the corporation has met the requirements for filing an assumed or fictitious name under Title 13-C, section 404.

[ 2003, c. 344, Pt. B, §3 (AMD) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF). 2003, c. 344, §B3 (AMD).

Subchapter 3: SHARES HEADING: PL 2001,  
C. 640, PT. B, §2 (NEW); §7 (AFF); EFF. 7/1/03

## §741. ISSUANCE OF SHARES

**1. Qualified shareholders.** A professional corporation may issue shares, fractional shares and rights or options to purchase shares only to:

A. Individuals who are authorized by law in this State or another state to render a professional service described in the corporation's articles of incorporation; [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

A-1. Nonlicensed individuals authorized to organize with licensed individuals pursuant to section 732, subsection 3; [2003, c. 344, Pt. D, §7 (NEW).]

B. General partnerships in which all the partners are qualified persons with respect to the professional corporation and in which at least one partner is authorized by law in this State to render a professional service described in the corporation's articles of incorporation; [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

C. Professional corporations, professional limited liability companies or professional limited liability partnerships, domestic or foreign, authorized by law in this State to render a professional service described in the corporation's articles of incorporation; [2003, c. 344, Pt. B, §4 (AMD).]

D. Any other entity that is authorized by law to provide the same professional service provided by the professional corporation; or [2003, c. 344, Pt. B, §4 (AMD).]

E. Any other person or entity, including employee stock ownership plans or programs and other employee ownership programs, that the licensing authority with jurisdiction over the professional corporation determines is qualified to hold shares of such a professional corporation. [2003, c. 344, Pt. B, §5 (NEW).]

[ 2003, c. 344, Pt. B, §§4, 5 (AMD); 2003, c. 344, Pt. D, §7 (AMD) .]

**2. Licensing authority jurisdiction.** If a licensing authority with jurisdiction over a profession considers it necessary to prevent violation of the ethical standards of the profession, the authority may adopt rules under its general rule-making authority or other regulatory authority to restrict or condition, or revoke in part, the authority of professional corporations subject to its jurisdiction to issue shares. A rule described in this subsection does not, of itself, make a shareholder of a professional corporation at the time the rule becomes effective a disqualified person.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**3. Unlawful shares void.** Shares issued in violation of this section or a rule described in subsection 2 are void.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF). 2003, c. 344, §§B4,5,D7 (AMD).

## §742. SHARE TRANSFER RESTRICTION

**1. Limit to transfers.** A shareholder of a professional corporation may transfer or pledge shares, fractional shares and rights or options to purchase shares of the corporation only to qualified persons.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Other transfers void.** A transfer of shares made in violation of subsection 1, except one made by operation of law or court judgment, is void.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

## §743. COMPULSORY ACQUISITION OF SHARES AFTER DEATH OR DISQUALIFICATION OF SHAREHOLDER

**1. Triggering events.** A professional corporation must acquire or cause to be acquired by a qualified person the shares of its shareholder if:

A. The shareholder dies; [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

B. The shareholder becomes a disqualified person, except as provided in subsection 4; or [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

C. The shares are transferred by operation of law or court judgment to a disqualified person, except as provided in subsection 4. [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Agreements binding.** If a professional corporation's articles of incorporation or bylaws or a private agreement provides the terms, price and other conditions for the acquisition of the shares of a shareholder upon the occurrence of an event described in subsection 1, then that article, bylaw or private agreement is binding on the parties and is specifically enforceable.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**3. Corporate acquisition of shares.** In the absence of an article provision, bylaw provision or private agreement described in subsection 2, a professional corporation shall acquire the shares in accordance with section 744; except that, if the disqualified person rejects the corporation's purchase offer, either the person or the corporation may commence a proceeding under section 745 to determine the fair value of the shares.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**4. Limited disqualification.** In the absence of an article provision, bylaw provision or private agreement described in subsection 2, this section does not require the acquisition of shares in the event of a shareholder's becoming a disqualified person if the disqualification lasts no more than 5 months from the date the disqualification or the transfer of shares pursuant to subsection 1 occurs.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**5. Other benefits unaffected.** Nothing in this section or section 744 prevents or relieves a professional corporation from paying pension benefits or other deferred compensation for services rendered to a former shareholder if otherwise permitted by law.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

## §744. ACQUISITION PROCEDURE

**1. Written notice.** In the absence of an article provision, bylaw provision or private agreement described in section 743, subsection 2, if shares must be acquired under section 743, a professional corporation shall deliver a written notice to the executor or administrator of the estate of its deceased shareholder, or to the disqualified person or transferee, offering to purchase the shares at a price the corporation believes represents their fair value as of the date of death, disqualification or transfer. The offer

notice must be accompanied by the corporation's balance sheet for a fiscal year ending not more than 16 months before the effective date of the offer notice, an income statement for that year, a statement of changes in shareholders' equity for that year and the latest available interim financial statements, if any.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Option period.** A disqualified person has 30 days from the effective date of the notice provided pursuant to subsection 1 to accept the professional corporation's offer or demand that the corporation commence a proceeding under section 745 to determine the fair value of that disqualified person's shares. If the disqualified person accepts the offer, the corporation shall make payment for the shares within 60 days from the effective date of the offer notice, unless a later date is agreed on, upon the disqualified person's surrender of the shares to the corporation.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**3. Termination of interest.** After a professional corporation makes payment for shares in accordance with this section, a disqualified person has no further interest in those shares.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

## §745. COURT ACTION TO APPRAISE SHARES

**1. Demand for proceeding.** If a disqualified person does not accept a professional corporation's offer under section 744, subsection 2 within the 30-day period, the disqualified person at any time during the 60-day period following the effective date of the notice may deliver a written notice to the corporation demanding that it commence a proceeding to determine the fair value of the shares. The corporation may commence a proceeding at any time during the 60 days following the effective date of its offer notice. If the corporation does not commence such a proceeding, the disqualified person may commence a proceeding against the corporation to determine the fair value of those shares.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Court procedure.** A professional corporation or disqualified person shall commence a proceeding under this section in the Superior Court of the county where the corporation's principal office or, if there is no principal office in this State, its registered office is located. The corporation shall make the disqualified person a party to the proceeding as in an action against the disqualified person's shares. The jurisdiction of the court in which the proceeding is commenced is plenary and exclusive.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**3. Appraisers.** The court may appoint one or more persons as appraisers to receive evidence and recommend decision on the question of fair value. The appraisers have the power described in the order appointing them or in any amendment to it.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**4. Valuation date.** A disqualified person is entitled to judgment for the fair value of the person's shares determined by the court as of the date of death, disqualification or transfer together with interest from that date at a rate found by the court to be fair and equitable.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**5. Payment installments.** The court may order a judgment ordered under this section paid in installments determined by the court.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

## §746. COURT COSTS AND FEES OF EXPERTS

**1. Assessment of costs.** The court in an appraisal proceeding commenced under section 745 shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court, and shall assess the costs against the professional corporation; except that the court may assess costs against the disqualified person in an amount the court finds equitable if the court finds the person acted arbitrarily, vexatiously or not in good faith in refusing to accept the corporation's offer.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Assessment against corporation.** In addition to costs assessed under subsection 1, the court may assess the fees and expenses of counsel and experts for a disqualified person against the professional corporation and in favor of the person if the court finds that the fair value of the person's shares substantially exceeded the amount offered by the corporation or that the corporation did not make an offer.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

## §747. CANCELLATION OF DISQUALIFIED SHARES

If the shares of a disqualified person are not acquired pursuant to section 743 within 10 months after the death of the shareholder or within 5 months after the disqualification or transfer, the professional corporation shall immediately cancel the shares on its books and the disqualified person has no further interest as a shareholder in the corporation other than the right to payment for the shares under section 743. [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

Subchapter 4: GOVERNANCE HEADING: PL 2001,  
C. 640, PT. B, §2 (NEW); §7 (AFF); EFF. 7/1/03

## §751. DIRECTORS AND OFFICERS

Not less than a majority of the directors of a professional corporation and all of its officers, except the clerk, secretary and treasurer, if any, must be qualified persons with respect to the corporation. [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

## §752. VOTING OF SHARES

**1. Right to vote.** Except as otherwise provided in this section, only a qualified person may vote the shares of a professional corporation.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Proxies.** Only a qualified person may be appointed a proxy to vote shares of a professional corporation.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**3. Voting trusts.** A voting trust with respect to shares of a professional corporation is not valid unless all of its trustees and beneficiaries are qualified persons; except that, if a beneficiary who is a qualified person dies or becomes a disqualified person, a voting trust valid under this subsection continues to be valid for 10 months after the date of death or for 5 months after the disqualification occurred.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**4. Limited voting right.** Any shares transferred to a disqualified person by reason of the death of a qualified person or by operation of law may be voted by such disqualified person only for the purposes of amending the articles of incorporation to convert to a regular business corporation or dissolving the professional corporation.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

## §753. RESPONSIBILITY FOR PROFESSIONAL SERVICES

**1. Relationship between professional and recipient of services.** This chapter does not modify the liability of a person rendering a professional service with respect to that service.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Shareholder liability for debts and claims.** Except as provided in subsection 3, the liability of shareholders for the debts of and claims against a corporation is the same as that of shareholders of a business corporation.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**3. Shareholder liability arising from rendering professional service.** A shareholder is jointly and severally liable for claims arising from the rendering of a professional service by a domestic professional corporation or foreign professional corporation if that shareholder:

A. Personally and directly participated in rendering that portion of a professional service that was performed negligently or in breach of any other legal duty; or [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

B. Directly supervised and controlled that portion of a professional service rendered by another person that was performed negligently or in breach of any other legal duty. [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

### Subchapter 5: REORGANIZATION AND TERMINATION HEADING: PL 2001, C. 640, PT. B, §2 (NEW); §7 (AFF); EFF. 7/1/03

## §761. MERGER

**1. Merger allowed.** A professional corporation may merge with another domestic professional corporation or foreign professional corporation or with a domestic or foreign business entity as defined in Title 13-C if all the interest holders of the constituent entities are qualified to be interest holders of the surviving entity.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Compliance.** After a merger in accordance with subsection 1, if the surviving corporation is to render in this State any of the professional services described in section 723, subsection 7, paragraph A, the surviving corporation must comply with this Act.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

## §762. TERMINATION OF PROFESSIONAL ACTIVITIES

If a professional corporation ceases to render professional services, it must amend its articles of incorporation to delete references to rendering professional services and to conform its corporate name to the requirements of Title 13-C, section 401. After the amendment becomes effective, the corporation may continue in existence as a business corporation under Title 13-C and the corporation is no longer subject to this Act. [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

## §763. JUDICIAL DISSOLUTION

The Attorney General may commence a proceeding under Title 13-C, sections 1430 to 1433 to dissolve a professional corporation if: [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

**1. Service of notice of violation.** The Secretary of State serves written notice on the professional corporation under Title 5, section 113 that it has violated or is violating a provision or provisions of this Act;

[ 2007, c. 323, Pt. G, §1 (AMD); 2007, c. 323, Pt. G, §4 (AFF) .]

**2. Failure to correct.** The professional corporation does not correct each alleged violation or demonstrate to the reasonable satisfaction of the Secretary of State that the violation or violations did not occur, within 60 days after service of the notice is perfected under Title 5, section 113; and

[ 2007, c. 323, Pt. G, §2 (AMD); 2007, c. 323, Pt. G, §4 (AFF) .]

**3. Certify.** The Secretary of State certifies to the Attorney General a description of the violation or violations, that it notified the professional corporation of the violation or violations and that the corporation did not correct the violation or violations or demonstrate that the violation or violations did not occur, within 60 days after perfection of service of the notice.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF). 2007, c. 323, Pt. G, §§1, 2 (AMD). 2007, c. 323, Pt. G, §4 (AFF).

### Subchapter 6: FOREIGN PROFESSIONAL CORPORATIONS HEADING: PL 2001, C. 640, PT. B, §2 (NEW); §7 (AFF); EFF. 7/1/03

## §771. AUTHORITY TO TRANSACT BUSINESS

**1. Prohibition.** Except as provided in subsection 3, a foreign professional corporation may not transact business in this State until it obtains authority from the Secretary of State.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**2. Preconditions.** A foreign professional corporation may not obtain authority to transact business in this State unless:

A. Its corporate name satisfies the requirements of section 736; [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

B. It is incorporated for one or more of the purposes described in section 732; and [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

C. All of its shareholders, not less than a majority of its directors and all of its officers other than its clerk, secretary and treasurer, if any, are licensed in one or more states to render a professional service described in its articles of incorporation. [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

**3. Office required.** A foreign professional corporation is not required to obtain authority to transact business in this State unless it maintains or intends to maintain an office in this State for conduct of business or professional practice.

[ 2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF) .]

#### SECTION HISTORY

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

**§772. APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS**

The application of a foreign professional corporation for authority to render professional services in this State must contain the information set forth in Title 13-C, section 1503 and in addition include a statement that all of its shareholders, not less than a majority of its directors and all of its officers other than its clerk, secretary and treasurer, if any, are licensed in one or more states to render a professional service described in its articles of incorporation. [2001, c. 640, Pt. B, §2 (NEW); 2001, c. 640, Pt. B, §7 (AFF).]

**SECTION HISTORY**

2001, c. 640, §B2 (NEW). 2001, c. 640, §B7 (AFF).

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